

ORIGINAL

M E M O R A N D U M

November 27, 2000

TO: DIVISION OF RECORDS AND REPORTING (BAYO)
FROM: DIVISION OF LEGAL SERVICES (CHRISTENSEN) ✓
RE: DOCKET NO. 000649-TP - PETITION BY MCIMETRO ACCESS
TRANSMISSION SERVICES LLC AND MCI WORLDCOM
COMMUNICATIONS, INC. FOR ARBITRATION OF CERTAIN TERMS AND
CONDITIONS OF A PROPOSED AGREEMENT WITH BELLSOUTH
TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND
RESALE UNDER THE TELECOMMUNICATIONS ACT OF 1996.

Please place the attached letter from Bennett L. Ross,
Esquire, dated November 3, 2000, in the above-referenced docket
file.

PAC/lw

Attachment

cc: Division of Competitive Services (Barrett)

APP _____
CAF _____
CMP _____
COM _____
CTR _____
ECR _____
LEG _____
OPC _____
PAI _____
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SEC _____
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OTH _____

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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November 3, 2000

VIA TELECOPIER AND U.S. MAIL

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NOV - 6 2000

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Donna Canzano McNulty, Esquire
MCI WorldCom, Inc.
325 John Knox Road
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Tallahassee, FL 32303
Fax: 850-422-2586

Re: *In Re: Petition of MCImetro Access Transmission Services, LLC and MCI WorldCom Communications, Inc. for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc; Docket No. 000649-TP*

Dear De, Rick, and Donna:

During the arbitration hearings in Florida, MCI WorldCom took the position that the total number of customers to whom it provides local service in Florida is proprietary.

It has recently come to my attention that the position MCI WorldCom has taken in Florida on this issue is inconsistent with MCI WorldCom's actions in New York. Specifically, it appears that MCI WorldCom is reporting local service information to the New York Public Service Commission without any requirement that the information be

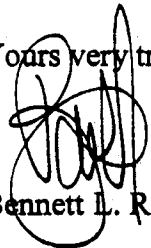
Dulaney L. O'Roark, III, Esquire
Richard D. Melson, Esquire
Donna Canzano McNulty, Esquire
November 3, 2000
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treated as confidential. I would direct your attention to the September 25, 2000 edition of *Telecommunications Reports*, a copy of which is enclosed, that contains a reference to a report prepared by the New York Public Service Commission Staff reflecting that MCImetro Access was serving 240,585 access lines in New York and had local revenues in excess of \$30,000,000 as of December 31, 1999. I can only assume that the New York Staff obtained this information from MCI Worldcom. If the number of access lines to which MCI WorldCom is providing local service and its local service revenues in New York is nonproprietary, I am at a loss to understand why the number of customers to whom MCI WorldCom is providing local service in Florida should be treated as confidential.

Under the circumstances, I would ask that MCI WorldCom agree that BellSouth can reference in its post-hearing brief the total number of customers served by MCI WorldCom in Florida, provided that BellSouth does not disclose the number of customers on any basis other than on a statewide level.

Please do not hesitate to give me a call if you have any questions or would like to discuss this issue further.

Yours very truly,



Bennett L. Ross

BLR:nvd
Enclosure

cc: T. Michael Twomey, Esquire (w/enclosure)
Patricia A. Christensen, Esquire (w/enclosure)
Lee Fordham, Esquire (w/enclosure)

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Telecommunications Reports - September 25, 2000

- Verizon Says Petition To Offer InterLATA Services In Massachusetts Builds on Experience in New York
- Qwest Pleases CLECs With Market-Opening Steps
- AT&T Corp. has opened an Internet data center in the Phoenix area...
- AT&T Touts Broadband Gains But Is Mum on Restructuring
- Wall Street Sees Tough Road Ahead for Struggling ICG
- AT&T Latin America Gets Corporate Funding
- E.spire Obtains \$125M In Equity Financing
- Cricket Communications has agreed to acquire...
- Bureau Nixes Confidentiality For UNE Zone Line-Count Data
- NCTA Asks Appeals Court To Stay Pole Attachment Ruling
- NARUC Continues Opposing Telco Depreciation Proposal
- GSA Awards CLECs Contracts In Kansas, Plans RFP in Iowa
- CLECs Claim 2.5M Lines In New York Access Market
- APCO Seeks Reconsideration Of VoiceStream 'E911' Waiver
- Nextlink Poised To Unveil New Name, Product Lineup
- Portland Won't Appeal Ninth Circuit Decision
- DBS Industry Challenges SHVIA Must-Carry Rules
- Broadband Tax-Credit Legislation Gets Last-Minute Push in Senate
- Former FTC Member Says Feds Will Preempt State Privacy Laws
- The Commerce Department's Critical Infrastructure Assurance Office and CXO Media, Inc...
- Senate Passes China PNTR Bill; Industry Drools over Market Size
- Senate Commerce Clears Bills For LPTV Spectrum, Caller ID
- Oftel Defends Decisions On Local Loop Unbundling
- Australians Consider Extending Telstra's Local Phone Price Caps
- In Merger Filing, DT Says FCC Shouldn't Fear Foreign Control
- Global Light, Siemens Get FCC OK for ARCOS Stake
- Platforms International Corp. has changed its name...
- Euro Tax on Web Transactions Has U.S. Officials 'Concerned'
- FCC Simplifies Notification Rules For U.S.-Foreign Carrier Links
- FCC Staff Report Recommends Harmonizing Intercarrier Compensation Regimes, Other Changes
- Lifeline, Link-Up Efforts Next On Consumer Agenda for CALLS
- New York PSC Orders 'Line Splitting' for DSL
- Valor Telecom Wins Support For Rural Telco Certification
- ALLTEL, Georgia PSC Settle Access Charge Case
- ADC: Broadband Access Buy Is Key in IP Strategy
- Wireless Carriers, Public Safety Agencies Spar over Funding for Phase I 'E911' Systems
- CTIA Seeks Reconsideration Of FCC Order on CMRS Damages
- FCC Asks for Comments On CMRS Billing Practices
- FCC Asked To Retain Rules On 700 MHz Base Stations
- Metrocall Secures \$337.5M for PageNet Bid
- Bear, Stearns & Co., Inc., has agreed to buy up to \$105 million worth of shares...
- NextWave Seeks FCC Stay Of 'C,' 'F' Block Reauction
- Judge Upholds Zoning Board In Decision Denying Cell Tower
- European Commission Probes Leased-Line Pricing Market
- inOvate Communications Formed To Fund Wireless Companies
- FCC: Staff Hasn't Decided On AOL-Time Warner Merger
- Global TeleSystems Considers Asset Sale in Bid To Raise \$250M
- KMC Telecom Holdings, Inc., hopes to sell shares in an initial public offering...
- Fate of 'Recip Comp' Bill Is Left in Bliley's Hands

- Personnel
- Regulatory & Government Affairs
- Financial
- Industry
- Senate Conference Report Targets Satellite Exports
- New Government Web Portal
- Reciprocal Compensation Bill
- National Security Post
- Paging Carrier Forfeiture
- Personal Vision
- Collocation Rules
- Cellphone Lawsuit
- On the Record. . . Stearns: Congress Must Define FCC's 'Public-Interest' Standard
- Behind the News...No Reservations on 'Telco Hotels': Real Estate Industry Betting Big
- What's Ahead. . .
- Executive Briefing

Verizon Says Petition To Offer InterLATA Services In Massachusetts Builds on Experience in New York

Verizon-New England, Inc., says its application for FCC permission to offer in-region interLATA (local access and transport area) services in Massachusetts shows that its local exchange market is "irreversibly open" to competitors-even more open than Verizon's market in New York.

Late last year the FCC concluded that the local exchange market in New York was open to competition and allowed Bell Atlantic-New York (now Verizon-New York) to offer interLATA services there (*TR*, Jan. 3).

Verizon's Massachusetts unit is hoping to become the third Bell company to gain the FCC's approval to offer in-region interLATA services since the passage of the Telecommunications Act of 1996. In addition to Verizon in New York, Southwestern Bell Telephone Co. has received the go-ahead in Texas (*TR*, July 3).

Section 271 of the 1996 Act allows Bell companies to offer in-region interLATA services after they've opened their local markets to competitors. The FCC must determine whether the applicant has met a 14-point "competitive checklist" of market-opening steps before approving the application. It must consult with the relevant state regulators and the U.S. Department of Justice before making its decision.

Right after Verizon made its filing last Friday, Sept. 22, the FCC's Common Carrier Bureau set a procedural schedule for the Common Carrier docket 00-176 proceeding. **Comments from the Massachusetts Department of Transportation and Energy and interested industry parties are due Oct. 16. The Justice Department's recommendation is due Oct. 27. Replies are due Nov. 3.**

The FCC also said it would be available for ex parte meetings to discuss the application on Oct. 10, 11, and 31, and Nov. 1. The FCC must rule on the petition within 90 days.

In its filing, Verizon said the following facts demonstrate that its local exchange service markets in Massachusetts have been opened to competitors:

- * Competitors provide service to about 700,000 phone lines in the state;
- * Verizon's systems process about 1,400 local service requests from competitive local exchange

exchange carriers (CLECs) to provide local phone and Internet services to federal agencies in Kansas.

The various CLEC vendors don't currently serve the entire state, although the contracts are statewide. E.spire Communications, Inc., will offer services only in the Kansas City area served by its local fiber network, a company spokeswoman explained to *TR*.

Adelphia Business Solutions, Inc., resells Southwestern Bell Telephone Co.'s local services throughout the incumbent telco's Kansas service territory, and it provides facilities-based services in Wichita, according to John Knight, director of the Telecommunications Service Division for the GSA Heartland Region. KMC Telecom II, Inc., serves Topeka.

GSA's Metropolitan Area Acquisition program for awarding local telecom service contracts "is really good for big markets," Mr. Knight told *TR*. But his office has been trying to find a way "to make competition effective" in smaller markets with fewer federal agency customers.

Mr. Knight cited the Veterans Affairs Medical Center in Topeka and military recruiting offices around the state as potential customers under the new contracts. The Heartland Region office is preparing to issue a request for proposals (RFP) for competitive local service offerings in Iowa. Interested vendors can call Jim Blackwell at 816/926-5307.

The Kansas contracts are for two years, with an option for a two-year extension. The maximum value is \$1 million over the first two years, the e.spire spokeswoman said.

CLECs Claim 2.5M Lines In New York Access Market

Competitive local exchange carriers (CLECs) doubled their share of the local phone service market in New York state in 1999, according to a report by the New York Public Service Commission staff. CLECs served 1.469 million lines (9.8% of the market) at year-end 1999, and incumbent local exchange carriers (ILECs) served 13.6 million lines.

Fifteen of the state's top 20 local exchange carriers were CLECs at year-end 1999, up from 11 at the end of the previous year and nine at year-end 1997.

Data from Verizon New York, Inc. (formerly Bell Atlantic-New York) indicates that CLECs added another 1 million lines in the first half of 2000, the report says. "This was more than the increase in CLEC exchange lines for all of 1999," it notes.

The percentage of the state's access lines served by Verizon, the largest ILEC in the state, dropped to 82% in 1999-down from 86% at year-end 1999. But an increase in the size of the overall market meant that the number of lines Verizon served increased from 11.6 million at year-end 1998 to 12.3 million at year-end 1999.

The number of lines served by all ILECs in the state increased from 12.8 million at year-end 1998 to 13.6 million at year-end 1999, even as their share of lines served dropped from 95.3% to 90.2% (see chart for 1999 lines served and revenues of selected ILECs and CLECs).

The PSC in 1997 directed telecom carriers to file Telecommunications Competition Monitoring Reports by March 31 of each year. PSC staff combines information from the monitoring reports with data from other sources to produce its annual competitive analysis reports.

The report released last week-available on the Web at <http://www.dps.state.ny.us/fileroom/doc8494.pdf>-is the third such compilation. It is titled *Analysis of Local Exchange Service Companies in New York State*.

The PSC's press release announcing the report noted the Telecommunications Research and Action Center's recent finding that New Yorkers are saving about \$220 million annually as a result of competition in the telecom service market.

In addition to an increase in CLEC-provisioned access lines, the staff reported increases in the following categories:

* **The number of CLECs serving at least 1,000 lines:** There were 13 such CLECs at year-end 1997, 38 at year-end 1998, and 54 at year-end 1999.

* **The percentage of CLECs' lines that serve residential customers:** Residential lines represented 16% of total CLEC lines at year-end 1998 and 32% at year-end 1999.

* **CLECs' investment in facilities:** The percentage of CLEC lines that were provisioned using some facilities owned by the CLEC was 55% at year-end 1998 and 70% at year-end 1999. Pure resale fell from 45% of CLEC lines to 30%.

CLEC Revenue Share Trails Line Share

CLECs' New York state access line revenues nearly doubled from 1998 to 1999. But as a percentage of the overall market, CLEC revenue growth didn't keep pace with CLEC line growth. At the end of 1998, CLECs had only 4.8% of the access lines in the state but were collecting 6% of the revenues. At year-end 1999, CLECs had 9.8% of the lines but were collecting only 8% of the revenues.

Although CLECs had their best results in the New York City metro area-garnering 12% of the market's lines and 9% of its revenues in 1999-other regions in the state saw substantial growth in CLEC market share, as well. From 1998 to 1999, CLECs' share of lines grew from 3% to 10% in Buffalo, from 4% to 6% in Rochester, and from 3% to 6% in Syracuse.

Lines Served in New York By Selected ILECs and CLECs		
	Lines Served As of 12/31/99	'99 Revenues (in \$M)
Top Five ILECs (by revenue)		
Bell Atlantic-N.Y.	12,309,625	5036.9
Frontier Tel. of Rochester	569,306	175.5
Citizens of N.Y.	307,286	79.5
ALLTEL N.Y.	101,571	27.8
Frontier of New York	73,794	18.9
Top 35 CLECs (by revenue)		
Teleport Comm. Group	193,707	135.3
Cablevision Lightpath	67,500	43.6
CTC Communications*	57,569	30.8
MCImetro Access	240,585	30.7
Broadview Networks*	71,960	25.9
RCN of N.Y.*	38,096	17.2
Global Crossing Telemanagement*	5,487	17.1
MetTel	67,196	16.0
CoreComm*	31,665	14.9
ACC National Telecom	45,523	14.0
AT&T	97,989	11.9
Focal Comm.	39,251	10.5
Time Warner Telecom	49,547	10.4

A.R.C. Networks*	11,000	9.7
Allegiance Telecom	30,166	8.8
Hyperion of N.Y.	32,475	7.8
Winstar Wireless	15,572	6.0
Nextlink	22,220	5.8
Global Crossing Local Services	8,192	5.1
Qwest*	5,065	4.9
FairPoint Comm.*	11,695	4.3
Northland Networks*	9,333	4.1
Trucom*	12,000	3.7
Telergy Central*	9,630	3.5
Bridgecom*	11,969	3.5
McGraw Comm.	647	3.4
RTG Utilities*	31,949	2.4
Essex Comm.	10,043	2.1
Global NAPS	10,824	2.1
Cable & Wireless*	3,175	2.0
Eagle Comm.*	10,582	1.8
Onsite Access Local*	4,654	1.8
CTSI	6,924	1.7
LDM Systems*	5,700	1.7
Time Warner ResCom	6,117	1.6
Source: New York Public Service Commission		
*CLECs reporting more resold lines than facilities-based lines.		

APCO Seeks Reconsideration Of VoiceStream 'E911' Waiver

The Association of Public-Safety Communications Officials-International has asked the FCC to reconsider its decision to grant VoiceStream Wireless Corp. a waiver of its enhanced "911" (E911) rules (*TR*, Sept. 18).

The Commission earlier this month said it would permit the carrier to deploy a hybrid system that uses non-Global Positioning System handset-based technology and network upgrades based on GSM (Global System for Mobile communication) technology.

The FCC added that VoiceStream "faces special circumstances" because the development of automatic location identification-capable systems for GSM, which is the dominant technology used in Europe, is trailing the development of such systems for technologies widely used by U.S. carriers.

The waiver was granted in a fourth memorandum opinion and order in Common Carrier docket 94-102, which extended the deadlines for deploying handset-based Phase II E911 systems. It set out a separate deployment schedule for VoiceStream.

"The waiver appears to reward noncompliance, is unsupported by the record, and establishes dangerous precedent that could undermine the Commission's progress in promoting wireless E911 solutions," APCO said in a petition for reconsideration filed Sept. 20. "There does not appear to be any compelling, well-documented evidence that no alternative. . .exists for GSM."

APCO said VoiceStream's waiver "will have far-reaching implications for millions of wireless subscribers and for the public at large." The waiver should not have been granted without an opportunity for public notice and comment, it concluded.